# REBUTTAL TESTIMONY OF

# JOHN E. FOLSOM, JR.

# ON BEHALF OF

# DOMINION ENERGY SOUTH CAROLINA, INC.

# DOCKET NO. 2019-209-E

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

A. My name is John Edward ("Eddie") Folsom, Jr. I am employed by Dominion Energy South Carolina, Inc. ("DESC" or the "Company"), located at 6248 Bush River Road, Columbia, South Carolina 29212. At DESC, I currently serve as Power Marketing Manager within DESC's Power Marketing Department.

**Q. ARE YOU THE SAME EDDIE FOLSOM WHO HAS PREVIOUSLY PROVIDED DIRECT TESTIMONY IN THIS DOCKET?**

A. I am. I have previously provided direct testimony concerning the Company's Voluntary Renewable Energy ("VRE") Rider for Renewable Generation ("RG") Supply Agreements ("RG-Supply Agreement").

**Q. DOES DESC PROPOSE FURTHER REVISIONS TO THE VRE RIDER BEFORE THE COMMISSION IN THIS PROCEEDING?**

A. Yes. DESC has continued to negotiate with representatives of the South Carolina Solar Business Alliance (the "SCSBA") concerning the terms of the VRE Rider. Specifically, since my direct testimony was filed, we have agreed with SCSBA to a revised rider that allows for the billing credit under the VRE Rider and the payment to the supplier for energy under the associated Power Purchase Agreement ("PPA") to reflect either a fixed levelized pricing of energy and capacity, or a day-ahead hourly pricing for energy and capacity. The choice between the billing credit options is determined at the customer's discretion with the agreement of the supplier. As such, we have restructured other terms of the proposed rider to support this selection specific to the flow of funds provisions.

At SCSBA's request, we have also provided for an initial 30-day period preceding the opening date of the program, The Company will compute the levelized avoided cost rate for Customers submitting applications on the opening day. Customers submitting qualifying applications on the opening date would receive that rate conditional upon them completing the contracting process as specified in the rider. During the thirty days prior to the opening date, the Company will treat the full 135 MW of capacity available under the program as committed capacity for purposes of computing avoided costs for all other customers and programs. Also, the MWs of capacity subject to qualifying applications received on the opening date will be counted as committed capacity pending completion of the contracting process. These points are definitively stated in the revised VRE Rider which is attached as Exhibit __ (JEF-2).

In addition, at SCSBA's request, we have reduced and restructured the proposed administrative charges and made other small changes to the rider.

The changes listed above have been made based on our discussions with SCSBA, but no formal settlement has been entered. Nonetheless, as the statute requires, the VRE customer still pays all costs associated with the renewable energy provided on its behalf, less a credit for the value of the energy and capacity provided to the system by the supplier.

**Q. HAVE ANY OTHER PARTIES RAISED CONCERNS ABOUT THE VRE RIDER?**

A. Yes, Walmart has raised concerns about the provisions that limit the terms of the RG-Supply Agreements and associated PPAs under the VRE Rider to the greater of (i) ten years or (ii) the remaining term (not considering automatic renewal terms) of the customer's electric service agreement with DESC. No other party has filed direct testimony in this proceeding.

**Q. HOW DO YOU RESPOND TO WALMART'S CONCERNS RELATED TO LIMITING THE VRE CONTRACTS TO A TEN YEAR TERM?**

A. This issue has been extensively litigated in other proceedings. For example, in Docket No. 2019-184-E, Orders No. 2019-847 and 2020-244, the Commission held that the evidence did not support approval of a fixed price PPA with a duration longer than ten years, the evidence only supported a ten-year contract term. VRE contracts are tied to PPAs. Under VRE PPAs, all capacity and energy payments will be set on a levelized basis at the time of initial contracting or by an agreed upon methodology for day-ahead hourly pricing for capacity and energy. The costs and market dynamics of the electric industry are rapidly changing. It puts all customers at risk to lock in future capacity and energy payments or a methodology for more than ten years based on current market conditions and assumptions. Under PURPA, qualifying renewable facilities will have the right after ten years to negotiate new PPAs consistent with the then current PURPA requirements and avoided costs. Requiring the renegotiation of contracts at the end of ten years to reflect the then current PURPA requirements and avoided costs is fair and in the interest of DESC's customer base as a whole.

**Q. HOW DO YOU RESPOND TO WALMART'S CONCERNS RELATED TO LIMITING THE VRE CONTRACTS TO THE TERM OF THE CUSTOMERS' UNDERLYING ELECTRIC SERVICE CONTRACT?**

A. It does not seem reasonable to ask the Company to enter into a VRE agreement with a customer and supplier if the customer is not willing to commit to take power from the Company for an equal period of time. This scenario creates risk for DESC's retail customer base for the entire term of the PPAs and RG-Supply Agreements as the avoided cost rates paid under the PPAs will be appropriately recovered by DESC. It is only fair that a customer participating in the VRE program be part of DESC's retail customer base for the full term of the associated PPAs and RG-Supply Agreements, thereby appropriately sharing the inherent risk incurred by DESC's retail customer base as a whole. The alternative is illogical and raises the potential for customers with soon-to-expire contracts to leave the system after negotiating long-term VRE agreements and associated PPAs. DESC would hope that customers would not cause the Company to enter into such long-term contracts without making a commitment to stay on our system for an equivalent length of time. At any given time, a significant number of Large General Service customers are operating under service agreements in one-year evergreen status, which enables such customers, at their discretion, to leave the system on short notice. Again, under the VRE program, DESC believes it is only fair for a customer to commit to remain on the system for the duration of the contracts that they negotiate for renewable energy to be provided to meet its needs.

**Q. PLEASE SUMMARIZE YOUR CONCLUSIONS CONCERNING DESC'S VRE RIDER AS PRESENTED HERE IN AMENDED FORM.**

A. For the reasons stated in my direct testimony, DESC's VRE Rider meets all of the requirements of S.C. Code Ann. § 58-31-40. DESC respectfully requests that the Commission approve the VRE Rider as set forth in Exhibit ___ (JEF-2).

**Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

A. Yes.